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This is the not bad
ARA/PM brief for
Newman's lunch with
Clayton. PF cleared an
earlier draft SP 5/23

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DEPARTMENT OF STATE
BRIEFING MEMORANDUM

S/S

MAY 27 1980

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MAY 22 1980

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TO: P - Mr. Newsom
FROM: ARA - William G. Bowdler
PM - Reginald Bartholomew
SUBJECT: Your Luncheon With DOD Representatives

I. INTRODUCTION

DOD officials have agreed to an informal luncheon May 23 to discuss Latin American issues. They are specifically interested in discussing issues in U.S. relations with Argentina, Brazil, Chile and Bolivia. We suggest you also discuss Soviet-Cuban military activities.

II. ISSUES

A. Argentina: Humphrey-Kennedy Amendment

1. New Developments

On May 14, the PRC decided to continue our current efforts to strengthen relations with Argentina and to begin an examination of the issues involved in seeking more fundamental improvement after a new Argentine President is elected next year. It was judged premature, however, to consider repeal or modification of legislative restrictions on military sales to Argentina this year. Indeed, the PRC's general conclusion was that our policy of gradual improvement in relations should not be accelerated until after the succession in Argentina and elections in the U.S.

Some elements of DOD believe IMET training could be provided to Argentina without modifying Humphrey-Kennedy through use of the President's national security waiver authority in the security assistance legislation.

Department of State, A/GIS/IPS/SRP

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2. Talking Points

- As agreed in the PRC, action to lift legislative restrictions on military sales to Argentina is a non-starter. We may review this matter next year, depending upon human rights and other developments.
- We will want to look at training next year, depending on the human rights situation.
- IMET training cannot be provided without a change in the Humphrey-Kennedy Amendment and, in any case, we would not now recommend the invocation of the waiver for Argentina. Further, use of the waiver for this purpose now could jeopardize our pending legislative proposals to broaden significantly the scope of the waiver authority, thereby increasing Presidential flexibility.

B. Argentina - Visits

1. New Developments

Three possible high-level military visits have recently been discussed:

- Argentine Army Chief of Staff Vaquero to the U.S. No invitation has been issued.
- Argentine Army CINC and junta member Galtieri to the U.S. DOD is floating this idea.
- U.S. Army Chief of Staff General Meyer to Argentina. The Argentines have sounded us out on whether an invitation would be accepted.

Senior Argentine leaders have recently told Ambassador Castro that high level military visits would not be timely until after September (i.e., until after the decision on the Argentine Presidential succession.) The Embassy believes such visits would have a strong political impact and recommends we not follow up until Argentine leaders show more enthusiasm. *and the HR situation improves.*

2. Talking Points

- After sounding out senior Argentine officials, Ambassador Castro reports that the timing is not right for an invitation to senior Argentine

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military officers, such as General Vaquero, before September.

- We also need to consider the human rights situation at the time of the invitation (the Embassy reported nine disappearances this month).
- A visit by General Galtieri would have strong political overtones because of his position as Junta member; we do not favor a Galtieri visit this year.
- Perhaps we could consider a trip by General Meyer next year as the human rights situation further improves.

C. Argentina - Chile: The Beagle Channel

1. New Developments

In 1978, Argentina and Chile submitted the Beagle Channel dispute to Papal mediation, narrowly averting hostilities. Recently, rumors have increased that the mediation is not going well, although Vatican officials maintain that it is proceeding on schedule. Other reports indicate that Chile and Argentina are making military preparations, but not nearly on the scale of 1978. These military activities may be intended to gain negotiating advantage in the talks in Rome, or to prepare for hostilities if Papal mediation fails. The worst (and least likely) scenario would be Argentine aggression against Chile combined with a Peruvian decision to take advantage of the situation to recover land lost to Chile more than a century ago.

DOD may question the wisdom of continuing cool relations with Chile while strengthening ties with Argentina and Peru, arguing that this could increase the risk of aggressive action against Chile.

2. Talking Points

Peru election

- We do not believe that steps to improve our relations with Chile would affect Argentine actions on the Beagle Channel issue.
- If a crisis appears likely, we can weigh in diplomatically as we did in 1978.

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D. Chile - UNITAS1. New Developments

DOD may raise the decision not to invite Chile to participate in UNITAS exercises. This was the first time in 21 years that a regular participant has not been invited. A number of Congressmen have written to the President to ask that he reconsider this decision.

2. Talking Points

- As you know, the VBB refused to change State's decision not to invite Chile to participate in UNITAS this year.
- We understand that the UNITAS exercises provide the U.S. with regular opportunities to operate with and evaluate the effectiveness of the navies of key hemispheric allies.
- We recognize that the Chilean navy, one of the most capable of all Latin American navies, has always participated in the UNITAS program, and not inviting Chile this year will risk politicizing regional military cooperation.
- However, our action was part of a U.S. response to Chile's refusal to extradite suspects in the Letelier/Moffit killings, and it is too soon to take a highly visible step which would send an opposite signal, making it appear that U.S. policy is ambivalent or confused.
- Later this year, we intend to conduct an overall review of relations with Chile.

E. Bolivia1. New Developments

An interim Bolivian Government is planning for elections June 29 and the inauguration of a civilian president August 6. However, recently appointed Army Commander General Garcia Meza apparently has gained the support of most elements of the Bolivian Armed Forces to stage a coup and install a military junta with himself as chief executive. Timing of the coup is uncertain, though some reports indicate it could come as early as May 29, following

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the conclusion of Bolivia's scheduled debt renegotiation in London.

Although the interim government has undertaken an IMF-backed economic stabilization program the economy has continued to stagnate, in part because of political uncertainty. Foreign debt has increased and exchange reserves are rapidly disappearing. Because of the foreign exchange crisis, Bolivia may not meet payments on FMS loans and therefore could face discontinuance of security assistance and A.I.D. programs under the Brooke Amendment. Total FMS arrears are now over \$2.1 million.

As a result of coup rumors in early March, USCINCSO Lt. General Nutting visited Bolivia. In conversations with senior military officers, he stressed our belief that another coup would create even greater problems for Bolivia than permitting the June 29 elections to proceed. While this effort did, we believe, temporarily suppress coup plans, the visit and other official statements may have hardened Garcia Meza and his cohorts in their opposition to U.S. "interference". Relations with the present military leadership are best described as cool. Conversely, Argentina's military advisors in La Paz appear to be on very close terms with the coup-minded Bolivian officers.

2. Talking Points

- Our policy is to support civilian constitutional rule in Bolivia.
- We appreciate the cooperation of the U.S. military, and particularly that of General Nutting, in advancing this goal.
- If there is a coup in Bolivia, we should respond as we did in November, 1978: by cutting off security assistance and all non-BHN economic assistance.

F. Brazil - Security Relations

1. New Developments

There has been a generally favorable trend in U.S.-Brazilian military cooperation during the last two years. Developments include the upgrading of our respective Defense Attaches to flag rank, a more active high-level dialogue and the resumption of Brazilian FMS cash purchases. We

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have responded positively to a Brazilian feeler on purchasing F-5E aircraft, although Brazil's current economic problems may abort this sale. As Brazilian interest in FMS sales quickens, we can expect more requests for sensitive items. An example is the current interest of the Brazilian Navy in MK-46 torpedos, a NATO item.

At the same time, the strongly nationalistic Brazilian armed services carry deep scars associated with USG human rights and non-proliferation policies that have been slow to heal. Moreover, while Brazilian leaders view their nation's destiny as tied to that of the U.S. in the event of a major East-West confrontation, they are currently preoccupied with economic problems. They believe Brazil's national interests are best served by diversified political and economic ties with all major powers.

+ GOB
human rights
policy in
past

Our current security strategy with Brazil is to consolidate the gains we have made in security cooperation, including encouraging the improved high-level dialogue.

2. Talking Points

- Within existing arms transfer policy guidelines, we want to work closely with DOD in responding to reasonable Brazilian requests in the context of Brazil's security role in the South Atlantic region.
- We need to gradually reestablish U.S. reliability as a security partner, avoiding the temptation to overwhelm the Brazilian services with offers of security assistance and ideas for new areas of cooperation.
- We should let the Brazilians set the pace, being as forthcoming as possible to their initiatives.
- Thus, it may still be premature to request landing rights for P-3 surveillance flights over the South Atlantic. Before doing so, we need to request Ambassador Sayre's assessment of the likely Brazilian response and the implications for our relations with Brazil.
- There are some particular areas in which the U.S. can move now:
 - With no IMET program planned for Brazil, we cannot reciprocate the five no-cost

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training positions made available to U.S. officers at Brazilian Command and staff schools. We hope State and DOD will work together to explore ways of reciprocating in FY 1982.

- There may be opportunities to increase exchanges through the U.S. Services' Personnel Exchange Programs (PEP). We would like to see DOD move to identify positions the Brazilians would be interested in filling in the U.S.
- The Brazilian Air Force has requested helicopter support to lift heavy earth moving equipment to Trinidad Island where an air base is under construction. We strongly support this type of cooperation.
- Secretary Brown, in a recent letter to Secretary Duncan, noted Brazil's oil vulnerability and proposed bringing Brazil into the IEA security net. While we are not optimistic about Brazilian interest in association with the IEA, we need to explore further how we can assist oil-importing LDC's like Brazil.

G. Soviet-Cuban Military Activities

1. New Developments

We face politico-military challenges arising from Soviet-Cuban collaboration in the Caribbean Basin:

- Soviet modernization of Cuba's armed forces (including submarines, MIG-23s, large numbers of Mig 21s, An-26 military transports) has given Cuba a limited but growing capability to conduct coercive diplomacy in the region (the attack on the Bahamian patrol boat and subsequent Cuban diplomacy dramatized this potential) and to interfere with the sea lanes through the Caribbean and the Panama Canal;
- The construction of the naval facility at Cienfuegos raises the possibility of expanded Soviet naval operations in and from Cuba;
- Increased Soviet and/or Cuban military assistance to Nicaragua is a possibility and there is a

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risk of a Cuban effort to help Prime Minister Manley stay in power in Jamaica by extra-constitutional means.

- Finally, the Soviet brigade in Cuba might at some point acquire upgraded equipment or perform new roles (e.g., actively function as a praetorian guard to keep Castro in power).

2. Talking Points

- Cuba's military modernization, the construction at Cienfuegos, and Cuban-Soviet activities in Central America and the Caribbean are presenting us with new challenges.
- These issues were addressed in recent interagency papers. We should consider further the findings of these studies and their implications for our security interests in the region.
- We understand that CINCLANT is now reviewing our military requirements for dealing with Cuba in various contingencies.
- Whatever the level of Cuba's military challenge to our interests in the region, Castro is also presenting us with strong and immediate political challenges. To overemphasize the use of U.S. military instruments to meet these challenges would be counterproductive.
- The governments of the region are strongly opposed to over-reliance by the US on such instruments. For example, friendly governments there strongly criticized some aspects of Solid Shield as excessively displaying US military power.

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Clearance Page

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